

**Embargoed until 11:00 a.m.  
December 12, 2000**

**WRITTEN STATEMENT OF**

**CAROLYN BUCK  
CHIEF COUNSEL  
OFFICE OF THRIFT SUPERVISION**

**Before The**

**TASK FORCE ON THE HEADWATERS FOREST AND RELATED ISSUES  
OF THE COMMITTEE ON RESOURCES  
U.S. HOUSE OF REPRESENTATIVES**

**December 12, 2000  
Room 1334, Longworth House Office Building**



Good morning. My name is Carolyn Buck. I am the Chief Counsel of the Office of Thrift Supervision.

The OTS administrative proceeding arising out of the collapse of USAT was initiated for the exclusive purpose of redressing unsafe and unsound banking practices, and serious violations of banking laws and regulations. Beginning in 1994, pursuant to established agency procedures, OTS undertook a 14 month formal investigation which resulted in a notice of charges, approved by myself and senior OTS supervisory officials, against Mr. Hurwitz, Maxxam Corporation, and several former directors and officers for their willful and reckless mismanagement of the affairs of USAT. The notice seeks monetary restitution for losses and regulatory relief against Mr. Hurwitz and the other respondents. It deals exclusively with violations of banking laws and regulations, and makes no mention of "trees" or "debt-for-nature".

Prior to filing this notice, OTS did not discuss its case or consult with environmentalists, members of Congress, the White House or the Interior Department. However, because we understood that Mr. Hurwitz wanted OTS to be involved in a global settlement of various claims against him through a sale of the Headwaters Forest to the federal government, OTS did participate in one telephone call on August 15, 1995 with Interior Department and FDIC representatives concerning a proposed sale. During this call, OTS representatives made it clear that they would not discuss any possible OTS claims, and that nothing that occurred in the negotiations between Pacific Lumber Company and the Interior Department would have any effect on OTS's decision whether to file charges concerning USAT. This is the only contact that OTS has had with the Interior Department about this matter. After that, on several occasions, attorneys for Mr. Hurwitz requested that OTS include its claims as part of the negotiations that resulted in the acquisition of the Headwaters Forest by the federal government in 1998. OTS consistently refused these requests.

Further, while OTS has received thousands of postcards, letters, petitions from environmental groups and private citizens advocating that OTS pursue a debt-for-nature settlement, we have not discussed the merits of our case, or possible settlement of the case, with them. Our response to these inquiries, as with any other inquiry from a member of the public, has been merely to provide public information concerning the status of the litigation.

The only times that a debt-for-nature exchange has been a topic of discussion in OTS's proceeding is when Mr. Hurwitz and Maxxam have offered to convey forestland belonging to the Pacific Lumber Company in settlement of OTS's claims. Mr. Hurwitz and Maxxam Corporation, not OTS, have proposed on at least three separate occasions to exchange Headwaters Forest property to settle OTS's claims for restitution. They have told us that they prefer to offer trees instead of cash. OTS has rejected each proposal, and consistently responded that it prefers an "all cash" settlement.